Warranty scam hits Pontiac

By Edward Lapham
AUTOMOTIVE NEWS STAFF REPORTER

General Motors has been hit with another warranty payment scam, resulting in an internal investigation and a federal probe.

Dealers familiar with the situation last week said most of the illegal activity was located in Pontiac's Chicago and Boston zones.

A Pontiac spokesperson last week confirmed that there have been "isolated incidences" of warranty fraud within its organization.

"We are conducting an internal investigation, and we are cooperating with federal authorities," the spokesperson said.

"Several employees have been dismissed."

One prominent GM dealer who asked not to be identified said he believes the Chicago zone situation was limited to a single individual.

"Somebody's misapplying funds," said the dealer, who also confirmed that GM auditors have been visiting various dealerships, "looking for checks and signatures and stuff."

He said he believes that most of the misapplication of funds happened in the East, but that dollar amounts involved were comparatively small — perhaps less than $10,000 — because the fraud was uncovered early.

In the mid 1970s, several Chevrolet zones, particularly Boston, were hit with organized warranty fraud stemming from submission of phony warranty claims by dealers.

In 1974 a Chevrolet regional service manager was murdered. He had been investigating the fraud that came to be known at the time as "Motorgate."

One dealer alone was believed to have bilked GM out of more than $600,000.

That dealer and several of his employes subsequently were convicted of fraud in Massachusetts state courts.

Last Friday, J. Michael Losh, Pontiac general manager, downplayed the current warranty fraud. He termed it "old news." Losh said Pontiac "closed the books on it months ago," and said the ongoing dealership service department audits are routine.

VW tags Fox 2-door wagon at $6,590; Brazilian-built model on sale in May

NEW YORK — Volkswagen of America chose this week's auto show here to introduce the station wagon version of its Brazilian-built Fox. VW said that at a suggested retail of $6,590, it is the only wagon under $7,000 available in the United States.

The wagon, which goes on sale late next month, rounds out the Fox line of two-door and four-door sedans introduced earlier this year. VWoA believes it will be the only two-door wagon sold in the United States.

The car has a 1.8-liter fuel-injected engine that produces 81 horsepower. A top speed of 101 mph is claimed.

The Fox is made by Volkswagen do Brasil at its plant near Sao Paulo. The Fox models are VW's entry-level cars in the United States. The two-door sedan is $5,690, and the four-door sedan is $6,490.

Chrysler plans to boost truck capacity

By Joseph Bohn
AUTOMOTIVE NEWS STAFF REPORTER

Chrysler Motors still plans to expand its truck production capacity, despite previously reported plans to continue building cars at the Jefferson Avenue plant in Detroit through the 1988 — and, possibly, the 1991 — model year.

The Detroit plant had been expected to produce trucks between 1988 and 1991 but that plan was shelved, according to company sources. Production of K- and E-body cars will continue at the plant (Automotive News, April 13).

"Under any scenario that we looked at, we will significantly expand our truck capacity over the next five years," said Jerome B. York, vice president — Truck Operations.

York said that Chrysler had 13.3 percent of the truck market through the first quarter of 1987 with about a 60 percent to 65 percent product coverage of market segments.

The company is aiming at approximately 93 percent product coverage of the market and 20 percent market penetration by the 1992 model year under its $2.2 billion truck-development program.

Assuming that Chrysler is successful in its acquisition of American Motors, it would achieve its market-penetration goal earlier.

"Whereas we had been talking about getting 20 percent penetration by the early 1990s, we would get there by the late 1980s," York said.

Chrysler's goal of a 20 percent market share is based on a truck market of five million units.

Jeep had about 4.2 percent of the truck market in the first quarter. Assuming the acquisition, Chrysler would have an immediate share of 17.5 percent.

At any rate, "We still need more capacity," York said.

Chrysler currently has capacity to build about 400,000 minivans at its St. Louis and Windsor, Ontario, plants; 270,000 trucks at the Dodge City plant in Warren, Mich.; 130,000 in the Pillete Road plant in Windsor; and 25,000 Ramchargers in Mexico.

Even without the Jefferson Avenue plant, Chrysler could pick up — assuming its acquisition of AMC goes through — about 80,000 units worth of extra truck capacity at AMC's Brampton, Ontario, and Toledo, Ohio, plants.

Brampton builds the Jeep Wrangler and Toledo assembles the Jeep Cherokee/Wagoneer and Grand Wagoneer.

"There are any number of (plant) loading configurations, and we're continually assessing these," York said. "Yes, there are ways to generate the capacity we need without using Jefferson Avenue."

High-volume vehicles are getting priority attention. They include the new line of full-sized pickups planned for 1990-91, a new small sport/utility truck and the extended-cab version of the Dakota pickup.

Chrysler Motors currently isn't using its 800,000-unit capacity and likely won't until its new extended-cab Dakota pickup arrives on the market in the fall of 1988.

Extended-cab models currently account for about 25 percent of the industry's small-truck sales.

York confirmed reports of a new Chrysler-built V-6 "on the drawing board and in test cells" for future minivans and passenger cars, and the expanded availability of fuel-injection engines for trucks. The current V-6 engine is built by Mitsubishi.

Chrysler also plans to offer rear anti-lock brakes on some pickups, similar to Ford and Chevrolet. The system will be phased in over a three-year period.

Dodge-Plymouth minivans pick up; Chrysler-badged version scrapped

By Joseph Bohn
AUTOMOTIVE NEWS STAFF REPORTER

Chrysler Motors officials believe the drop in Caravan/Voyager sales earlier this year was largely attributable to the introduction of a new engine, which hurt sales of four-cylinder models already on the market.

The inventory problem for the minivan, however, appears to have been pretty well resolved.

"We've had significant dealer input that the (sales) hiccup on Caravan/Voyager in January and February resulted largely from people who had heard or seen that a V-6 was coming and preferred to wait for the larger engine," said Jerome B. York, vice president — Truck Operations, Chrysler Motors.

In another development, the company apparently decided that Chrysler dealers won't get a Town and Country version of the minivan. The idea for an upscale Chrysler-badged minivan was shelved after protests from Dodge dealers and because, at the time of the decision, Plymouth and Dodge minivan sales were very strong.

However, Chrysler's minivan sales were off 22.4 percent during the first two months of this year. In March, sales of minivans were off only 3.2 percent.

York said the current inventory mix of minivans with four- and six-cylinder engines is "reasonably well-balanced. Our days' supply of minivans and wagons is about 44 days."

He denied that the 72-month financing program on Caravan/Voyager was a "short-term fix" for slower sales, adding that Chrysler Financial was trying to attract more business rather than solve a problem.

Some dealers expressed apprehension about 72-month financing because it takes a customer out of the market for too long. And, given the depreciation rate, it can often leave a customer owing more on the vehicle than it can fetch on the market.

"Based on my own feeling and the results we've seen, there's not a huge amount of business to be had" in six-year finance contracts, York said. "If we offered a spectrum of (different length) contracts, (six-year financing) would end up being in the 5- to 6-percent range."

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61st year—No. 5176

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GM wins X-car lawsuit; no recall necessary

By Helen Kahn
AUTOMOTIVE NEWS STAFF REPORTER

WASHINGTON — General Motors need not recall the remaining 1980 X-cars; U.S. District Judge Thomas Penfield Jackson decided there was no brake defect.

The sweeping decision accepted every argument made by the company. It rejected all government testimony, along with the theory under which the case was brought.

The decision delighted GM and all other auto companies. But it is at odds with previous decisions of federal court judges and appellate rulings.

NHTSA will have to decide whether it wants to spend more time litigating a case in which cars are approaching the eight-year statutory limitation. It must decide whether to appeal in order to recover ground which it thought was secure as a result of court rulings in earlier defect cases.

Still to be litigated is one count of the government's August 1983 suit: that in 27 instances, GM "made false statements" to the government and should be fined $1,000 for each instance. The other proposed fine — $4 million — depended upon GM being found guilty of five other counts, all of which Jackson dismissed.

There is at least one X-car class action pending against GM. There is also an X-car litigation group, described as a consortium of plaintiffs' attorneys with a steering committee headed by Guerry R. Thornton, of Atlanta.

GM X-cars are the Chevrolet Citation, Pontiac Phoenix, Oldsmobile Omega and Buick Skylark. Pontiac and Olds dropped the X-cars at the end of the 1984 model year. Chevy and Buick followed a year later. Altogether, some 3.3 million X-cars were produced.

GM introduced the X-cars in April 1979. It almost immediately made a number of voluntary recalls, including two influenced by NHTSA's brake investigation. One involved the proportioning valve in 47,000 manual-transmission X-cars; the other involved premature wheel skidding in 240,000 vehicles. NHTSA termed both recalls inadequate.

GM Chairman Roger B. Smith said he was "gratified" by Jackson's decision. He hailed it as good news for stockholders because it "reaffirms the quality" of GM products. He added that "real world experience based on actual accident data continues to show" the X-cars have "one of the best safety records for cars of that size on the road today."

NHTSA head Diane Steed was disappointed. She said her agency has not yet decided whether to appeal. NHTSA said the 1980 X-car population was 1,570,959. The agency had received 4,282 consumer complaints and 1,417 accident reports. Of those reports, 974 involved property damage and 427 involved occupant injuries. There were 18 deaths reported in in 16 accidents.

NHTSA still has active engineering analyses in its defect investigation roster. They involve power steering in all X-cars produced; rear brake lockup in 1981-85 X-cars (the defect alleged in the court case on 1980 X-cars); and

see X-CAR, page 57

March truck sales by manufacturer and segment

		14,000 & LESS GVW CLASS 1-3	14,001-16,000 GVW CLASS 4	16,001-19,500 GVW CLASS 5	19,501-26,000 GVW CLASS 6	26,001-33,000 GVW CLASS 7	33,001 & OVER GVW CLASS 8	TOTAL 1987	TOTAL 1986
CHRYSLER	MO	83,283						83,283	46,102
	YR	150,314						150,314	129,115
JEEP	MO	15,873						15,873	13,806
	YR	46,896						46,896	47,166
TOYOTA	MO	28,046						28,046	34,745
	YR	86,886						86,886	80,153
NISSAN	MO	21,320						21,320	22,382
	YR	56,128						56,128	52,786
MAZDA	MO	10,915						10,915	11,971
	YR	27,631						27,631	30,312
ISUZU	MO	8,589						8,589	8,605
	YR	21,673						21,673	21,072
MITSUBISHI	MO	3,800						3,800	2,526
	YR	11,126						11,126	6,520
SUZUKI	MO	8,267						8,267	3,706
	YR	20,601						20,601	9,312
SUBARU	MO	219						219	271
	YR	697						697	731
RANGE ROVER	MO	79						79	0
	YR	79						79	0
FORD	MO	132,126			931	2,629	1,081	136,767	111,066
	YR	320,881			2,531	6,478	2,571	332,461	305,781
FREIGHTLINER	MO						1,890	1,890	1,525
	YR						4,667	4,667	3,960
CHEVROLET	MO	106,336		25	691	637	37	107,726	102,059
	YR	262,442		46	1,799	1,718	95	266,100	287,944
GMC	MO	28,000		865	654	2,137	730	32,386	28,984
	YR	69,315		2,401	1,330	5,874	2,116	81,036	81,924
KENWORTH	MO						1,064	1,064	934
	YR						3,034	3,034	2,161
MACK	MO				248	393	1,646	2,197	1,614
	YR				722	776	3,669	5,167	4,796
MERCEDES	MO				137	178		315	261
	YR				382	534		916	924
NAVISTAR	MO		8	31	1,041	2,580	2,617	6,277	5,401
	YR		9	68	2,382	7,093	6,698	16,250	15,534
*PETERBILT	MO						850	850	851
	YR						2,023	2,023	2,075
VOLVO	MO					115	826	941	1,033
	YR					352	2,256	2,608	2,711
HINO	MO			60	70	64		194	0
	YR			106	129	225		460	0
NISSAN DIESEL	MO			30	24	74		128	0
	YR			94	87	195		376	0
ISUZU TRUCK	MO	374		8	22			404	0
	YR	1,028		22	46			1,096	0
MITSUBISHI FUSO	MO	50			12	41		103	0
	YR	67			25	71		163	0
SCANIA	MO						16	16	0
	YR						46	46	0
IVECO TRUCKS	MO	183	36	73	16			208	235
	YR	314	119	126	24			583	503
OTHER DOMESTICS	MO						110	110	99
	YR				11		230	241	279
GRAND TOTAL	MO	427,440	44	1,092	3,846	6,758	10,867	452,047	401,176
	YR	1,056,278	128	2,863	9,468	23,316	27,405	1,119,458	1,095,779
1986 YR to DATE		1,035,712	0	1,111	9,798	23,329	25,829	1,095,779	

Class 1-3 sales data reported by individual manufacturers; Class 4-8 data reported by Motor Vehicle Manufacturers Association.

Big-truck dealer total dips, but profits rise

By Joseph Bohn
AUTOMOTIVE NEWS STAFF REPORTER

DALLAS — The ranks of Class 6-7-8 truck dealers are thinning, but the profitability of the survivors is picking up.

Meanwhile, the strong dealer turnout at the American Truck Dealers convention here — and particularly at key management seminars — indicates dealers' growing interest in developing more sophisticated financial control of their operations.

The ATD show itself drew a near-record 1,581 attendees, second only to last year's turnout of 1,621. Officials said the show would have set a record had it not been for the limits imposed by available exhibit space and exhibitors.

Lawrence M. O'Connor, truck dealership management consultant for the National Automobile Dealers Association, and Robert G. Young, NADA manager of the ATD 20 Group Program, attributed dealer attrition to the high costs of doing business and lack of gross profits in the medium/heavy truck market, economic factors like the depression in oil and agriculture and the franchise consolidations like those at General Motors/Volvo White.

ATD's Class 6-7-8 dealer membership dropped from 1,828 in February 1986, to 1,744 in February 1987.

Currently, the decline appears to be leveling off, but ATD officials see a continued long-term contraction in the medium/heavy truck dealer body.

They estimate there are about 2,400 to 2,500 such dealers today, which is fewer than the 3,000 estimated by Freightliner President Peter E. Rupp in his address to this year's ATD convention.

They agreed, though, with Rupp's general prediction of another 20 percent decline in the number of dealers during the next five years.

Surviving dealers, however, appear to have reconciled themselves to market conditions and are learning to make money on less volume.

"Larry (O'Connor) and I are very encouraged by that," Young said. "We think the dealers have finally recognized that this thing is not going to turn around in 30 days. And they have begun to manage better what is available to them — their assets and expenses. They're just becoming a lot better businessmen."

NADA officials feel that the Class 6-7-8 market will continue to stay in the 250,000-260,000-unit range during the next 10 years — about the same level as 1986 — and they have been stressing asset management as the way to make money in that kind of market.

Added O'Connor, "We're not telling the dealers to sell, sell, sell. We're telling them to manage, manage, manage. It's not just go out and sell at any expense any more. It's manage the business properly."

And improving profits reflect that change in philosophy.

Although more dealers lost money during a six-month period last year, winners are earning more money now and losers are losing less, Young said.

Each month, ATD tracks a fairly wide cross section of dealers in what it calls a critical variables analysis.

That analysis shows that while 54 percent of medium/heavy truck dealers were losing money selling new and used trucks in April 1986, 58 percent were losing money selling such trucks in November 1986.

However, the average (of winners and losers) shows the typical dealer losing $3,100 in May 1986 on his new- and used-truck sales and earning $475 a month profit by November 1986.

"The ones who were losing have reduced their losses significantly," Young said. "They've adopted a more realistic approach to trades. And a lot of dealers have bitten the bullet on (carrying) expensive inventories."

Dealers are also making incremental changes in asset management to improve their profitability.

"That's where we see the trend changing, especially in our 20 Group programs. In the last year, specifically, we have been focusing on that at each meeting," Young added.

"We've been telling the dealer 20 Groups that they have to take charge of their dealerships, that the dealer has to be hands-on involved in the fixed-cost part of his operation, in parts and service and so forth. It's quite a bit different from the car side in many regards," he concluded.

Kenworth speed-control system designed to boost fuel economy

KIRKLAND, Wash. — Kenworth Truck Co. introduced a new electronic road speed control system that is designed to help vehicle owners attain better economy.

Called the Kenworth Engine Governing System (KEGS), it limits vehicle speed at a lower transmission gear than traditional governors and encourages progressive upshifting.

Kenworth said KEGS is designed to give drivers the full use of the engine's total operating range during most of the acceleration process, while optimizing fuel economy.

The system allows the vehicle owner to set two speed values. He selects the highest speed he wants his vehicle to travel in top gear, usually between 60 and 65 mph. Then, he chooses the highest speed allowable in any other gear. That "intermediate" speed typically ranges between 54 and 59 mph.

When the vehicle is in operation, KEGS senses speed via electronic impulses generated in the driveshaft.

The trigger mechanism for the system tells the engine which road speed governor to use, intermediate or maximum, based on actual road speed.

When the engine speed is faster than the road speed governor's setting and the vehicle speed exceeds the intermediate speed, engine speed is trimmed back, overriding the driver's throttle control.

KEGS is currently offered on all Kenworth trucks specified with Cummins L10 or NTC engines.

Durakon to sponsor truck-and-tractor-pull series

LAPEER, Mich. — Durakon Industries, a leading producer of pickup truck bed liners, signed an agreement with SRO/Pace Promotions Inc. to sponsor the 1987 United States Hot Rod Association's truck-and-tractor-pull series.

Durakon is contributing more than $200,000 to sponsor 40 truck-pull events in 30 cities this year, according to Mark Wayne, Durakon director of advertising and public relations. It sponsored the events on a limited basis in 1986.

Separately, it is also sponsoring a monster truck for the first time. It is called the "Duraliner Giant" and will appear at each truck-pull event.

— Joseph Bohn

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Renault tells Mack it is not for sale

HAGERSTOWN, Md. — Renault has told Mack Trucks it is not looking for a buyer for Renault's 41 percent share of Mack.

Walter Meck, Mack's executive vice president for finance, said speculation about an imminent sale is "completely false." Meck said he recently spoke with top officials of Renault "and they authorized me to say that that option is not under consideration. . . . They have no present or future plans to divest themselves of Mack."

Renault bought its 41 percent share in Mack from 1979 to 1983.

— The Associated Press

Correction

Import-car sales for March 1987 were incorrectly totaled in a table on Page 54 last week. The correct total is 247,966.

Revised Light-Truck March, Year-to-Date Sales

	March		Year-to-Date	
	1987	1986	1987	1986
Vans	17,940	16,387	42,067	40,374
Aerostar	13,916	11,954	34,192	28,354
Club Wagon	2,581	2,076	6,793	5,767
Ranger	31,530	22,529	76,838	67,094
Bronco	4,633	4,426	11,831	11,184
Bronco II	9,073	8,012	26,533	19,985
Pickups	52,253	40,403	122,627	120,539
Ford	**132,126**	**105,787**	**320,081**	**293,297**
Vans	9,578	11,399	22,533	28,784
Sportsvan	1,400	1,604	3,136	4,024
Astro	11,781	13,107	31,401	32,141
S-10	22,006	16,531	56,720	50,206
S-10 Blazer	12,465	14,046	35,989	35,407
El Camino	1,086	1,474	3,018	5,965
Blazer	2,864	3,606	7,018	9,597
Suburban	4,695	4,813	11,412	12,063
Pickups	40,461	33,707	91,195	105,000
Chevrolet	**106,336**	**100,289**	**262,442**	**283,187**
Vans	5,565	6,231	14,302	14,033
Ram Wagon	2,096	4,076	7,641	8,416
Voyager	10,436	10,941	22,799	27,666
Caravan	11,307	11,243	25,579	26,996
Mini Ram Van	1,255	1,576	3,199	3,941
Ram 50	6,880	6,158	17,411	18,451
Raider	1,448	0	3,762	0
Ramcharger	2,821	1,551	6,371	4,157
Dakota	9,331	0	23,630	0
Pickups	11,342	7,323	25,621	23,451
Chrysler	**63,283**	**49,102**	**150,314**	**129,115**
Vans	3,258	3,188	8,870	8,450
Safari	2,808	3,003	6,966	7,314
S-15	4,547	4,034	11,939	11,994
S-15 Jimmy	3,335	3,397	9,024	8,799
Jimmy	682	771	1,844	1,988
Caballero	122	191	384	760
Suburban	1,640	1,509	4,029	4,126
Pickups	11,029	8,638	24,396	26,933
P Model	432	309	1,509	945
W-4	149	98	354	249
GMC	**28,000**	**25,138**	**69,315**	**71,558**
Wrangler/CJ	2,355	1,991	6,318	9,480
Wagoneer	1,007	847	3,076	2,563
Cherokee	8,493	7,453	24,912	22,695
Grand Wagoneer	1,057	1,175	3,241	3,819
Comanche	2,689	2,232	8,958	8,231
J-10/J-20	72	106	391	378
Jeep	**15,673**	**13,806**	**46,896**	**47,166**
Toyota	28,046	34,745	66,886	90,153
Nissan	21,320	22,382	56,128	52,796
Mazda	10,915	11,971	27,831	30,312
Isuzu	8,589	8,605	21,673	21,072
Mitsubishi	3,800	2,526	11,126	6,520
Suzuki	8,267	3,706	20,601	9,312
Subaru	219	271	697	731
Range Rover	79	0	79	0
Imports	**81,235**	**84,208**	**206,821**	**210,896**
Industry Total	**426,863**	**372,328**	**1,054,969**	**1,035,299**

*Nissan includes domestically-built units in Tennessee.

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Execs, Bieber join hands

DETROIT — Chrysler Corp. Chairman Lee Iacocca and Ford Motor Co. Chairman Donald Petersen each co-signed a letter with UAW President Owen Bieber for publication in their companies' employee newspapers.

The letters ask employees to write their legislators urging them to support legislation that would reduce U.S. trade deficits with countries such as Japan that run large worldwide trade surpluses.

General Motors is not in favor of trade legislation.

Iacocca and Bieber blame the trade deficit for the loss of nearly three million U.S. industrial jobs since 1980. They say the job loss occurred despite record productivity and quality improvements — especially in the auto industry — and in spite of sacrifices by American workers to make products more competitive with those of the Far East.

Iacocca and Bieber rebut the charge that American workers don't care about their work and that American managers aren't effective. Rather, the letters say, the country needs a strong trade bill to resolve the deficit.

The Petersen-Bieber letter details how bilateral negotiations and currency realignment have not corrected the trade imbalance. The Ford and UAW chiefs also ask employees to support a strong trade bill "that sets goals and timetables" to redress the imbalance.

Chrysler Newark workers OK new talks

NEWARK, Del. — Members of UAW Local 1183 at Chrysler Motors' Newark, Del., assembly plant, in a second vote, agreed to reopen the local labor contract to ensure the plant's future.

UAW members voted 76 percent to 24 percent April 5 to authorize the local bargaining committee to negotiate a "modern operating agreement" at the plant. Chrysler said it must have a new agreement by June 19 to begin making a new line of A-body cars at Newark in late 1988.

The current local agreement expires in September 1988. In February, UAW members rejected Chrysler's request to negotiate a new pact. Following the first vote, a petition drive was launched in the plant seeking reconsideration.

A union membership vote on a new agreement will be held after a proposed pact is negotiated.

Chrysler employs 4,300 persons, including 3,800 hourly workers, at the Newark plant.

U.K., Italy take the lead in W. Europe car sales

By Richard Johnson

With West German new-car sales down over 15 percent in 1987 from the same period a year ago, the United Kingdom and Italy have edged into the top two positions among Western European countries.

Sales in West Germany soared to a record 2.83 million last year, nearly a million units ahead of second-place France. But volume dropped more than 27 percent in January. A strong showing in December was prompted by a Jan. 1 reduction in the tax write-off for cars equipped with catalytic converters.

West German sales were down only 3.5 percent in February and stood at 334,100 through the first two months, 15.8 percent below the country's 1986 pace.

The sales figures are based on industry estimates compiled by *Automotive News*.

NEW CAR SALES BY COUNTRY IN EUROPE

Country	2 mos., 1987	Percent Gain/Loss
United Kingdom	341,400	+ 4.3
Italy	340,300	+ 3.3
West Germany	334,100	−15.8
France	282,900	+ 4.0
Netherlands	125,600	+ 3.0
Spain	124,600	+77.0
Belgium-Luxembourg	75,100	−13.5
Sweden	40,000	+ 2.5
Switzerland	39,600	− 1.7
Austria	29,200	−10.5
Finland	26,900	+ 1.5
Norway	20,300	−35.3
Denmark	16,900	−37.1
Portugal	16,000	+22.7
Ireland	14,000	+ 1.8
Greece	7,000	−32.4
TOTAL	1,833,900	− 0.3

The United Kingdom, which finished fourth in 1986, is up 4.3 percent through February to 341,400 — the biggest increase among Western Europe's big four markets. Total sales improved 9.6 percent in February.

Ford, the market leader in the U.K., has raised its share to 27.2 percent from 26.3 at the same time last year. It has increased sales better than 8 percent to 92,900 so far in 1987.

Austin Rover, which saw its home market share slip to 15.8 percent last year, was at 17.2 percent through February on sales of 58,700. Rover volume in the U.K. was up 17 percent in February.

The Italian market was ahead 3.3 percent in January/February to 340,300. Excluding new-acquisition Alfa Romeo, Fiat boosted its dominant share at home to 54.5 percent compared to 52.7 percent at the same point last year. The stable Italian market gave Fiat Auto, without Alfa, the number one pan-European sales ranking through February over 1986 leader Volkswagen Group, which has been hurt by slumping West German sales.

New-car sales in France were up 4 percent in the first two months to 282,900. Volume improved over 15 percent in February alone.

The battle for French market leadership between Peugeot S.A. and Renault continues to run tight. Combined, Peugeot and Citroen held 33.3 percent of the market, compared to Renault's 31.1 percent.

The fastest-growing national market in Europe continues to be Spain. The sales rush, which began last summer, has continued unabated. The country set a record in 1986 at 687,600 and sales so far in 1987 are up 77 percent.

The biggest gains in Spain have been realized by third-place General Motors and fourth-place Ford. GM, which saw its Spanish volume climb 45 percent to over 100,000 last year, is ahead 131 percent in the first two months of 1987. Ford, which registered a 28 percent increase last year to 98,600, is up 116 percent through the first two months. ■

Nigerian auto industry hits the skids

Devalued currency, import incentives may force plant closings

By Baffour Ankomah

The current economic crunch that is squeezing life out of Nigeria's once-buoyant economy has seriously hurt the prospects of all of the nation's industries. Nigeria's car assemblers are among the hardest hit.

Nigeria's auto industry consists of eight assembly plants spread all over the country. The largest are Peugeot Automobile of Nigeria (PAN) based in Kaduna in the north, and Volkswagen of Nigeria Ltd (VWON) based in Lagos in the south.

In 1975, the country's leaders made an allowance in the Third National Development Plan (1975-'80) for a transportation program that would support agriculture, trade, industry — and facilitate movement of people and goods throughout the Federation. Nigeria has the highest population in Black Africa — 106 million people.

To attain these goals, in 1975 the government actively encouraged the establishment of joint-venture car assembly plants, hoping that in 10 years the foreign technical partners would transfer the technology to Nigerians to enable the country to manufacture its own cars and trucks.

There was even an agreement between the Nigerian government and VWON, which said the federal government would ban the import of fully built-up vehicles once VWON went into production. The ban was to give VWON and other assemblers a monopoly over the local market.

But, according to Pat Utomi, assistant general manager of VWON, the government has not kept its side of the agreement, including not paying its 40-percent share of the capital establishing VWON.

Nigerians assemble Beetles at VWON assembly plant.

It was also expected in 1975 that Nigeria's flat steel mill complex and petrol-chemical plant would be commissioned simultaneously with the car assembly plants, to support the automotive industry with locally produced inputs. Both the steel mills and the petrol-chemical plant have yet to materialize, pushing the car assemblers into the foreign market where they shop for almost every commodity associated with the auto industry.

In the days of the oil boom — the late 1970s and early 1980s, when Nigeria's currency was worth $2 — the assembly plants had no problems buying CKD parts from abroad because of a seemingly inexhaustible supply of foreign currency from the Central Bank of Nigeria.

Business was good. Demand for cars was high as the Nigerian public had more money to spend. Even civil servants, known to be the poorest group of workers in Africa, were given car loans by the government to purchase their own cars. Out of an estimated car population of 3.8 million for Black Africa, Nigerians own about 1.2 million. This is largely because of the patronage given the infant assembly plants in those days.

Even though they were producing below capacity, the Nigerian assemblers altogether produced 213,592 vehicles between 1982 and 1984 — instead of their total installed capacity of 608,620.

Now the days of the country's economic bliss are over. The assembly plants, starting under the restrictions of the government's austerity measures, have resorted to labor retrenchment and higher prices to keep afloat.

Local car prices have hit an all-time high. In 1981 a locally assembled Peugeot 505 GR (a favorite of Nigerians) sold for 6,691 naira, of the equivalent of $13,382 in those days.

With the introduction of the Second Tier Foreign Exchange Market (SFEM) last September, the naira is exchanging today for almost four to $1. The same 505 that brought 6,691 naira in 1981 is now selling for 60,085 naira, or $15,327 in 1987 at the SFEM rate.

In dollar terms, the price appears reasonable. But to the Nigerian earning naira, not dollars, the 505 is very expensive today.

The same goes for the ever-popular Volkswagen Beetle. In 1981 it sold for 4,395 naira, or $8,790 (at the pre-SFEM rate). In January this year the Beetle hit a record 29,141 naira or $7,433 at the SFEM rate. In February, VWON cut the price to 24,982 naira ($5,372 SFEM).

In real (dollar) terms, Nigeria's auto assemblers are losing. Yet they have come under severe criticisms of late from the press and the public for their high prices.

The problems for the assemblers is that with SFEM, the value of the naira has greatly depreciated. This greatly increases the prices of the components which are imported for Nigerian assembly.

Nigeria's auto industry is in the worst of times, and it appears to be on the verge of pulling up its roots. Last year, PAN and Leyland Nigeria Ltd. shut down temporarily for lack of imported cars kits. PAN reduced its workforce from 4,000 to 2,600, while VWON cut 1,000 workers. In all, the eight assembly plants fired 6,000 workers between July and November 1986, to prevent their accounts from going under a further load of red ink. In 1978, the eight plants had a labor force of 30,000. Today, it is down to 10,000.

Nigeria's auto production has slumped greatly, as demand for locally produced vehicles is down to another all-time low. The government's austerity measures have further hurt business.

For example, VWON's Santana — Nigeria's prestige car — carries 30-percent customs duty plus an excise duty of 5 percent on retail. The total duties imposed on the car is 11,147 naira, bringing its retail price now to 41,464 naira.

Government duty on locally assembled cars is a big disadvantage to Nigeria's auto plants. Daniel Lange, chief executive of PAN, said, "Either the government rescinds these measures, or we begin to get set to permanently close down."

Government measures have given imported built-up units an advantage. Their prices are lower because they are exempted from the 5-percent excise duty imposed on locally assembled cars. This, coupled with the destructive notion that everything produced in Nigeria is of inferior quality, has put the local automakers in trouble. As a result, the few Nigerians with money to buy cars are turning to imported, built-up cars whose prices are lower than locally assembled cars.

To stem this, the local auto plants have adopted an aggressive and massive advertising policy. It is designed to drive home the point that "to kill the infant local auto plants is tantamount to throwing away the baby with the bathwater," to quote Utomi of VWON.

The local assemblers say in their advertisments that the depreciation of the naira and the excessive government taxes are responsible for the high cost of their products.

VWON, for example, said in one ad in January that 40 percent of its costs represent cost and freight, 35 percent administrative overheads and 25 percent customs, excise and port duties.

The company warned in the ad that if the government did not stop the unhealthy competition posed by FBU imports "The local automotive industry will grind to a halt before the middle of 1987."

It added, "We can decide to please foreign exporters...and forget the many short and long-term benefits of the local motor industry to the economy." The company has invested 421 million naira ($107 million SFEM) in Nigeria.

Nobody seems to listen. Some newspapers have turned hostile. In February, one influential magazine said the assembly plants were "a waste."

With their backs to the wall, Nigeria's automakers now foresee a grim future. Many will fold soon if the governmental attitude and economic adversities do not improve quickly enough. ■

Australia braces itself for terrible sales year

By Pedr Davis

Battered by the effects of the currency changes and some government-imposed problems, the Australian motor industry appears to be going down for the last time in a river of red ink. It also faces its worst sales year in two decades.

The problems have been highlighted by the latest statement from Mitsubishi Australia, which said it lost almost A$20 million ($14.5 million U.S.) in 1986, despite lifting its market share to a record 13.2 percent of passenger car sales.

Unhappily, three of the five firms committed to local manufacture lost money last year. It's likely a fourth will be deeply in the red this year as well.

GM-Holden's gained 20 percent of the passenger-car market — and lost an estimated A$100 million ($72.5 million U.S.). This is its fifth consecutive loss.

Nissan took 7.3 percent of the passenger-car market — and lost the equivalent of nearly A$16 million. It was also Nissan's fifth consecutive year of loss-making.

The two profit-makers have been Ford with 30.8 percent of the passenger-car market and Toyota with 14.9 percent.

However, Ford's profit fell from A$103.5 million 1985 to about A$20 million ($16.5 million U.S.) last year. AMI-Toyota has had three profitable years in a row, but the 1986 figure of A$4.3 million was half that of the previous year. It was losing money by the end of 1986.

Apart from Ford and Toyota, the industry has lost vast sums since 1980. Holden's total losses are now the equivalent of about A$450 million. Nissan's losses are close to A$60 million, and Mitsubishi's are about A$18 million.

Mitsubishi said its losses were caused by the impact of currency changes and the effect of other economic problems.

The entire industry is reeling from the blow of new government taxes. One is a fringe benefit tax, which makes an employer pay a special tax on any company car used by employees outside business hours.

A so-called luxury tax (raising sales tax from 20 to 30 percent) has also been added for all cars costing over A$30,000 — even 4wd wagons. This has dampened luxury-car sales.

Overall, the total 1986 car market was down by 23 percent compared with 1985. Up to the beginning of this month, sales figures were down by 24 percent compared with the same months in 1986. If the present slump continues, the industry will see its worst sales tally in 20 years.

The commercial-vehicle market has been hit even more severely than the passenger-car market, with sales down by 43 percent compared to the same period last year. ■

Bad times ahead for Europe's OE truck-component makers?

Over the next five to 10 years, survival will be in question for many of the hundreds of independent truck-component manufacturers in Europe. That's one of the general conclusions in a new report by Frost & Sullivan Inc., international market-research firm.

The report says truck output in Western Europe is expected to rise modestly over the next five years, with a dip in 1987-'88 because of a downturn in the replacement cycle.

The forecast for the original-equipment market reflects the anticipated modest growth in truck output.

The total value of component consumption by truck manufacturers in 1985 was an estimated $4.26 billion. The report predicts it will rise by 1991 — after a dip in 1988 — to around $4.6 billion in constant 1985 dollars.

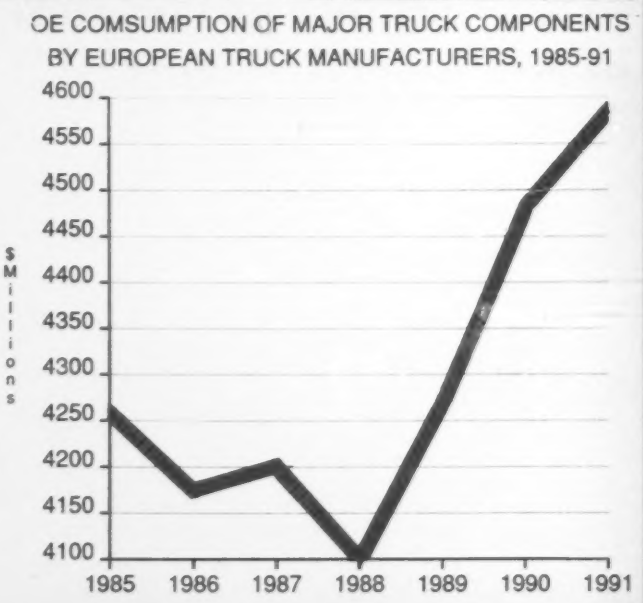
According to the report, this less-than-robust growth reflects problems in the European truck industry including: collapse of OPEC-country markets because of the drop in oil prices; slack demand in Europe; and overcapacity in Europe because of slack demand.

Because the European truck industry today can produce at least one-third more trucks than it can sell, the report predicts the number of truck "names" will decrease in the next few years.

Also forecast is a decline in the number of independent OE suppliers. Especially vulnerable are smaller companies, which can least withstand the pressure to achieve greater economies of scale through longer production runs, while at the same time being under pressure to improve the quality and sophistication of the components they make.

Among strategies for survival suggested in the report are: the development of products that are near-unique technologically; manufacturing several component types rather than just one; and forming "subassembly operations" to sell complete units to truck manufacturers.

In the components market, the report points out, there is still a strong emphasis on improvements to reduce vehicle fuel consumption through down-weighting and friction reduction, as well as on greater comfort and ease of handling. ■



WORLD NEWS BRIEFS

London hails new taxi

The fiberglass-bodied Metrocab, London's first new taxi design in more than 25 years, has been launched by Birmingham, England-based Metro-Cammell-Weymann Ltd.

The new cab is powered by a Ford 2.5-liter, direct-injection diesel engine used on the Ford Transit van. Ford is as also supplying specially adapted A4LD four-speed automatic transmissions with overdrive and lock-up torque converter. The adaption work was carried out by transmission specialist ATP of Staffordshire in consultation with Ford engineers.

MCW says its plant can supply up to half the 2,500 replacement London taxis purchased each year. The company also plans to offer the Metrocab throughout the rest of Britain, and has reported interest from taxi companies and owner-drivers in the Netherlands, Australia and Hong Kong.

Jaguar engineering center

The first phase of Jaguar's new $70-million engineering center in the Coventry, England, suburb of Whitley has been completed. Phase one includes styling buildings, which have now become fully operational.

The entire center will be completed late this year and will accommodate all of Jaguar's product engineering functions — including computer-aided design, drawing offices, engineering workshops, styling studios and administrative offices.

AR gets van contract

Austin Rover has won a major contract for the supply of Maestro City vans to British Telecom. The deal — Austin Rover's biggest van order ever from a single customer — could be worth more than $42 million at showroom prices.

The first batch of 1,200 vehicles will be delivered between April and September. Eventually, the communications giant could take up to 11,900 Maestro vans over an 18-month period. In addition, British Telecom is taking 400 Metro vans at a value of $2.5 million.

Agreement springs up

NHK Spring Co. Ltd., Yokohama, Japan, and Associated Spring, a unit of Barnes Group Inc., Bristol, Conn., are negotiating a valve-spring manufacturing technology licensing agreement.

According to William F. Fenoglio, Barnes Group president and chief operating officer: "They are leaders in their hemisphere, as we are in ours. We'll share manufacturing technology to produce the highest-quality valve springs anywhere in the world."

It's no blarney

Du Pont Co. is building facilities in Northern Ireland, which are expected to begin production of Kevlar aramid fibers early in 1988. Kevlar's uses include application in advanced-composite materials and as a replacement for asbestos in brakes, clutch facings, gaskets and plastics.

In 1985, Du Pont and Toray Industries established a joint venture to market Kevlar in Japan, with plans to provide production facilities there as the market for the fiber develops.

Mazda's painting robots

A motor-driven robot for painting vehicles, which can automate all stages of the painting process, has been developed by Mazda Motor Corp.

The design of the robot, according to Mazda, also eliminates the danger of spark emission, which can ignite volatile paint.

Mazda developed the painting robot jointly with Tokico Ltd., Kawasaki, Japan, a manufacturer of automobile components such as brakes, shock absorbers and hydraulic equipment. Tokico currently is supplying hydraulic robots for Mazda's new plant in Flat Rock, Mich.

Humans are still required for finish painting, which requires evenness of surface, according to Mazda.

Mazda said various types of the new robots for painting car bodies and other components will be introduced over the next few years. The motor-driven robot will be used in the Flat Rock plant when it starts production this fall.

Japan sets standards

The Japanese government has set aside funds in its official 1987 draft budget to establish, along with private organizations, a new research center for the "promotion of international harmonization of motor vehicle standards."

The Ministry of Transport has been working recently to standardize safety and pollution controls for imported vehicles. The Japanese government is involved in the Group of Experts on the Construction of Vehicles of the United Nations' Economic Commission for Europe (ECE. WP29). In line with these efforts, the ministry also sponsored an international symposium in Tokyo last December.

The new center will assist these activities with annual working expenses of about 150 million yen. Plans include an automobile regulations expert stationed in Geneva, Switzerland, to work closely with certain international organizations.

New-car sales in Norway

	Feb. 1987	Feb. 1986
Alfa Romeo	15	19
Audi/VW	1,258	1,797
BMW	189	478
Daihatsu	49	176
Dodge	6	0
Fiat	265	478
Ford	1,380	2,076
Honda	263	424
Isuzu	7	3
Jaguar	4	3
Lada	136	272
Lancia	30	22
Mazda	588	1,493
Mercedes-Benz	213	315
Mitsubishi	381	634
Nissan	487	867
Opel	1,138	2,241
Peugeot SA	528	814
Porsche	2	2
Renault	100	70
Saab	143	375
Skoda	27	16
Subaru	254	309
Suzuki	62	58
Toyota	1,384	1,542
Volvo	873	1,430
Total	9,799	15,930
Jan. & Feb.	19,831	31,686

Mitsubishi shows a string of 4s

By Francis J. Gawronski
AUTOMOTIVE NEWS STAFF REPORTER

TOKYO — Mitsubishi Motors Corp. has unveiled its new automobile steering system that integrates four-wheel drive, four-wheel steering and four-wheel independent suspension.

The integrated system, said to be the first of its kind, offers the driver greater vehicle stability and maneuverability under various road conditions, according to Mitsubishi.

It will be featured on the company's next generation of vehicles.

The improved fulltime 4wd, with an anti-lock braking system, features a combined center differential and viscous coupling unit in the transmission. This automatically regulates wheel spin and ensures equal distribution of traction to front and rear wheels, according to Mitsubishi.

The four-wheel steering system incorporates a hydraulically controlled rear-steering mechanism with a joint on the trailing arm of the newly developed four-wheel independent suspension system, an official said.

The function of the four-wheel steering is to make the rear wheels steer in the same direction as the front wheels at middle and high speeds (over 31 mph).

The system is operated by the hydraulic power cylinder that, according to Mitsubishi, is actuated by the oil pressure supplied to the rear-wheel oil pump. It is regulated by a control valve that is opened and closed by the front-wheel power steering oil pressure.

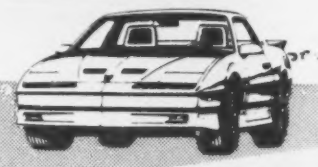
The rear-wheel oil pump supplies the oil in accordance with the revolutions of the rear wheels. Thus, according to Mitsubishi, the rear-wheel steering angle is controlled in proportion to vehicle speeds over 31 mph. Having the rear-wheel steering angle in proportion to the front steering effort can be obtained by means of the power steering oil pressure control valve.

Because steering effort is also determined by road conditions — the side forces generated on the front wheels change in accordance with road conditions — the rear-wheel steering angle becomes greater on dry roads to improve handling and stability, Mitsubishi said.

The rear-wheel steering angle becomes smaller on wet and snowy roads to enable the vehicle to turn more easily, the company said.

Steering response and safety are improved at speeds over 31 mph, while smooth maneuverability at low speeds is maintained, Mitsubishi said.

What's Hot



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DOMESTIC SALES

	Apr. 1-10, 1987	Apr. 1-10, 1986
Renault		
Alliance-Encore	570†	1,350†
AMC	145†	250†
American Motors	715	1,600
Chrysler	8,147	10,862
Plymouth	8,643	8,337
Dodge	10,111	11,312
Chrysler Motors	26,901	30,511
Ford	39,259	40,100
Mercury	13,270	14,652
Lincoln	4,974	4,221
Ford Motor Co.	57,503	58,973
Buick	14,156	20,017
Cadillac	6,324	9,363
Chevrolet	41,544	45,743
Oldsmobile	17,492	29,217
Pontiac	19,276	25,166
General Motors	98,792	129,506
Volkswagen	1,100	1,868
Honda	4,793	3,028
Nissan	2,637	1,818
Toyota	808	0
U.S. Industry Total	193,139	227,304

†—Estimate

U.S.-car sales plunge 15% in early April

By Roger Rowand
AUTMOTIVE NEWS STAFF REPORTER

Cash rebates, cut-rate options, finance-rate reductions and a dash of spring weather failed to do the trick for domestic cars in early April.

The daily selling rate slid to 21,460 units from 31,373 in the final 10 days of March.

The sales rate for all of March was 26,235 cars a day.

Domestic-car sales for April 1-10 tumbled to 193,139, down 15.03 percent from 227,304 for the corresponding period last year.

Declines were reported by the four U.S.-based companies and by Volkswagen of America.

American Motors dealers saw sales plunge 55.31 percent below those in the year-earlier period. For Volkswagen, sales fell 41.11 percent.

General Motors dealers delivered 23.71 percent fewer cars in early April this year. Chrysler Motors points sold 11.83 fewer cars, and Ford Motor Co. deals sold 2.49 percent fewer units.

Honda's sales climbed 58.28 percent, and Nissan's rose 45.04 percent. Toyota, which did not sell U.S.-made cars in April 1986, sold 698 in early April this year.

A Ford Motor Co. market analyst said the early April results were about even with an annualized, adjusted sales trend.

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AUCTION DATES

American Motors

April 21 — D-A Auto Auction, New Stanton, Pa.

April 22 — Minneapolis Auto Auction, Plymouth, Minn.

April 23 — Corry Auto Auction, Corry, Pa., and Evansville Auto Auction, Evansville, Ind.

April 24 — St. Louis Auto Auction, Bridgeton, Mo.

April 28 — Aptco Auto Auction, Taylor, Mich., and Statesville Auto Auction, Statesville, N.C.

April 29 — Columbus Fair Auto Auction, Columbus, Ohio, and Metro Milwaukee Auto Auction, Caledonia, Wis.

Chrysler Corp.

April 21 — Hatfield Auto Auction, Hatfield, Pa.; Florida Auto Auction of Orlando, Ocoee, Fla.; Aptco Auto Auction, Taylor, Mich.; and Dallas Auto Auction, Grand Prairie, Texas

April 22 — A.D.E. of Alabama, Boaz, Ala.; Columbus Fair Auto Auction, Obetz, Ohio; South Seattle Auto Auction, Kent, Wash.; and Southern Auto Auction, Warehouse Point, Conn.

April 23 — Fredericksburg Auto Auction, Fredericksburg, Va.

April 24 — St. Louis Auto Auction, Bridgeton, Mo.

Ford Motor Co.

April 21 — South Seattle Auto Auction, Kent, Wash.

April 22 — Columbus Fair Auto Auction, Obetz, Ohio; Clanton's Auto Auction, Darlington, S.C.; and Southern California Auto Auction, Fontana, Calif.

April 23 — Baltimore-Washington Auto Exchange, Baltimore; Houston Predelivery Center, Houston; and St. Louis Auto Auction, Bridgeton, Mo.

April 24 — Interstate Auto Auction, Mercer, Pa.

April 28 — Harrisonburg Auto Auction, Harrisonburg, Va., and Indianapolis Auto Auction, Indianapolis

April 29 — Metro Auto Auction of Kansas City, Lee's Summit, Mo.; Minneapolis Northstar Auto Auction, Shakopee, Minn.; and Golden Gate Auto Auction, Fremont, Calif.

General Motors

April 21 — Harrisonburg Auto Auction, Harrisonburg, Va.

April 22 — Hatfield Auto Auction, Hatfield, Pa.; Indianapolis Auto Auction, Indianapolis; Metro Auto Auction, Kansas City, Mo.; Northstar Auto Auction, Shakopee, Minn.; and Golden Gate Auto Auction, Fremont, Calif.

April 23 — Butler Auto Auction, Gibsonia, Pa.; Aptco Auto Auction, Taylor, Mich.; Nashville Auto Auction, Nashville, Tenn.; and Southwest Auto Auction, Phoenix, Ariz.

Used Car Sales
Auction Averages

April to date	$5,896
Month ago	$5,794
Year ago	$5,035

Model Breakdown
Auction Averages

	APR 1987	MAR 1987	FEB 1987
1987	$13,957	$13,443	$13,406
1986	$9,568	$9,609	$10,038
1985	$7,314	$7,305	$7,382
1984	$5,801	$5,825	$5,940
1983	$4,902	$4,860	$4,843
1982	$3,796	$3,755	$3,628
1981	$2,665	$2,643	$2,537
1980	$2,214	$2,155	$2,167
Overall Average	$5,896	$5,829	$5,711

Auction benefit

KANSAS CITY, Mo. — For the third year in a row, proceeds from Metro Auto Auction's May 5 sale here will be donated to the Salvation Army.

70,000 seek jobs at Toyota plant

GEORGETOWN, Ky. — Kentucky has received about 70,000 applications for the 3,000 positions at Toyota's new Georgetown, Ky., assembly plant, and officials expect another 25,000 applications by September.

Kentucky officials are interviewing candidates for skilled trade jobs and expect that Toyota will hire about 300 trade workers for the plant's first shift. Production of a Camry model will begin in mid-1988.

A Toyota spokesman said group and team leaders (production supervisors) will be interviewed in May and June and hired by late summer. Team members (production workers) will be interviewed in late 1987 and hired in early 1988. Toyota said that 1,800 employees will be hired by mid-1988. That number will rise to 3,000 when the second shift is added at the end of 1989.

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(Wednesday) April 29 — GM General Motors Factory Sale at 10:00 A.M.
(Thursday) April 30 — Chrysler Factory Sale at 9:00 A.M.

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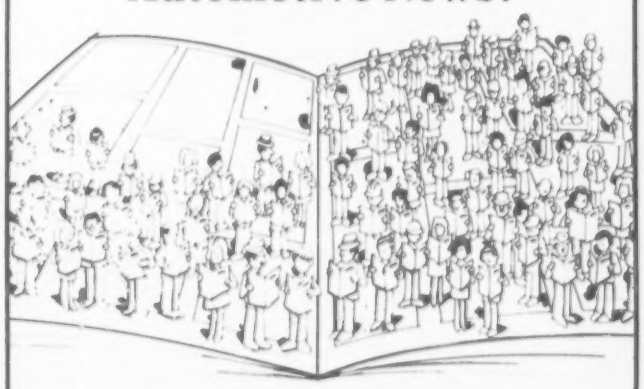

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PROXIES

FROM PAGE 1

In addition, each of the Big Three proposed shareholder resolutions to limit the liability of corporate directors. Other specific proxy issues discussed were:

GENERAL MOTORS

In addition to outlining GM's proposed new incentive plan, the proxy statement lists stock options received by GM executives and exercisable at a price of $68.32 in 1986. GM stock was trading around $86 last Friday. These options were distributed: Roger Smith, 21,100; Executive Vice President F. Alan Smith, 12,300; and Executive Vice President Donald J. Atwood, 11,500. No GM executive exercised stock options in 1986.

In other proxy materials, GM asked shareholders to approve a company proposal that would limit or eliminate the financial liability of directors in serving on the GM board.

Another shareholder proposal would prevent GM from buying stock at a price more than 5 percent above the current fair market price unless the same price is offered to all GM shareholders. The proposal stems from the $700 million-plus buyout of EDS founder H. Ross Perot last December.

Other shareholder proposals would force GM to stop all sales and licensing agreements in South Africa, though it has sold its subsidiary there; require GM to review its Northern Ireland operations in terms of equal employment and minority hiring; and require GM to stop trading with Communist countries.

GM said management opposes all shareholder proposals.

FORD

The Ford proxy showed healthy increases in salary-plus-bonus compensation for top executives: Petersen (36.4 percent), Poling (31.5 percent), Executive Vice President Philip E. Benton Jr. (35.5 percent) and Executive Vice President Ross (36.4 percent).

The 40 other Ford executive officers did not fare as well. They each averaged total 1986 compensation of $585,144, up just 6.9 percent.

Ford also reported that the company granted a total of 435,000 stock options at an exercise price of $53.69 per share to its 45 executive officers in 1986. Ford stock is currently trading around $85. Ford granted 22,000 each to Benton and Executive Vice President Allan D. Gilmour, 24,000 to Ross, 40,000 to Poling and 60,000 to Petersen.

The company said that two directors have reached the mandatory retirement age of 70 and will not stand for re-election. They are Carter L. Burgess, businessman and former U.S. ambassador to Argentina, and John B. Connally, Chapman Energy chairman and former governor of Texas.

Irvine O. Hockaday Jr., 50-year-old chairman and chief exeutive officer of Hallmark Cards, has been nominated to join the board.

One management proposal that will come before shareholders would limit the personal liability exposure of company directors.

There also are two shareholder proposals demanding the company withdrawal from South Africa, one seeking to limit corporate charitable contributions, one to terminate vehicle sales to the South African military and police, one to preclude contracts for the Strategic Defense Initiative or so-called Star Wars project, and one to impose condition on company stock repurchases.

CHRYSLER

Chrysler's proxy primarily dealt with executive compensation.

It said Iacocca's $20.5 million package included a $9.2 million stock grant negotiated in Iacocca's Dec. 8, 1983 contract. Iacocca received the 337,500 shares, valued at $25.92 per share, on Nov. 3, 1986.

At Chrysler, unlike Ford and GM, the announced bonuses were paid in 1986 on the basis of 1985 earnings.

The proxy also indicates that from Jan. 1, 1986 through Dec. 31, 1986 the following stock options were granted at an option price of $25.75 per share: Iacocca, 90,000 shares; Greenwald, 52,500 shares; Sperlich, 45,000 shares; Vice Chairman Bennett E. Bidwell, 45,000 shares; and Vice Chairman Robert S. Miller Jr., 37,500 shares. Chrysler stock traded around $35 late Friday.

The proxy also indicates Iacocca holds presently exercisable options, granted Dec. 8, 1983, on 675,000 shares at an option price of $12.42 per share. In addition, if Iacocca remains with the corporation in 1987, he:

- Will receive 112,500 shares Dec. 8, 1987.
- Will be able to exercise options granted Dec. 8, 1983 at an option price of $12.42 per share for 225,000 shares. They are exercisable Dec. 8, 1987.

In addition, Iacocca's contract signed Feb. 5, 1987, provides that if he remains with the corporation beyond his 65th birthday he will receive:

- 191,250 shares on Nov. 2, 1990;
- 63,750 shares on Dec. 8, 1991;
- Options for 540,000 shares at an option price of $33.50 per share, exercisable Dec. 8, 1990; and
- Options for 180,000 shares at $33.50 per share that will become exercisable Dec. 8, 1991.

In addition, Chrysler asked its 135,000 common stock shareholders to increase the number of shares of authorized common stock from 300 million to 500 million.

Another management proposal would eliminate or limit certain liabilities of directors.

The single stockholder proposal would, if approved, provide for cumulative voting in the election of directors. The company is opposing that proposal.

EXECUTIVE COMPENSATION — 1986

	Salary	Bonus	Total	Value Options Exercised
GENERAL MOTORS				
Roger B. Smith, *Chairman*	$750,000	$1,025,168	$1,775,168	$0
F. James Mc Donald, *President*	644,000	871,713	1,515,713	0
Howard H. Kehrl, *Vice Chairman**	563,000	731,520	1,294,520	0
F. Alan Smith, *Executive Vice President*	439,000	636,215	1,075,215	0
Donald J. Atwood, *Executive Vice President*	394,000	640,551	1,034,551	0
FORD MOTOR CO.				
Donald E. Petersen, *Chairman*	660,772	1,300,000	1,960,772	2,374,820
Harold A Poling, *President*	531,327	1,100,000	1,631,327	1,252,058
Louis R. Ross, *Exec. Vice President*	407,555	950,000	1,357,555	1,138,617
Philip E. Benton Jr. *Exec. Vice President*	350,465	850,000	1,200,465	0
Allan D. Gilmour *Exec. Vice President*	331,356	850,000	1,181,356	0
CHRYSLER CORP.				
Lee A. Iacocca, *Chairman*	727,972	10,290,607	11,018,579	9,558,912
Gerald Greenwald, *Chairman-Chrysler Motors*	525,100	750,000	1,275,100	1,434,687
Harold K. Sperlich, *President-Chrysler Motors*	486,800	697,917	1,184,717	1,117,505
Bennett E. Bidwell, *Vice Chairman*	462,190	646,667	1,108,857	540,940
Robert S. Miller Jr., *Vice Chairman*	383,023	467,208	830,213	797,343

*Retired 1/1/87

NOTE:GM bonuses include the value of stock awards, corporate contribution to stock-savings program and performance awards paid in 1987 based on 1986 performance. Ford salaries include corporate contribution to savings and stock investment plans; Ford bonuses are those paid in 1987 and 1988 based on 1986 performance. Chrysler bonuses are those paid in 1986 based on 1985 performance; totals also include corporate contributions in 1986 to employee savings plan and, for Iacocca, a stock grant paid in 1986. Value of stock options not included in any figures.

GM looking for profit, not share of market

By Michelle Krebs
AUTOMOTIVE NEWS STAFF REPORTER

DETROIT — General Motors will spend more on new products in 1986-1990 than in any five-year period in history. Despite the increase, the automaker will cut overall spending $10 billion by 1990.

GM executives also told a group of auto analysts that GM will, in that period, focus on profits instead of market share.

"GM is now in a strong position to provide maximum profitability," GM Chairman Roger B. Smith told analysts. "Maximum profitability may be best achieved at less production capacity than we currently have. That simply means a leaner, more productive workforce operating in fewer, but more modern and flexible manufacturing facilities, that can efficiently respond to volume and market-share fluctuations."

At the start of the 1987 model year, GM had said it would capture 42 percent of the U.S. car market. Executives now say GM's market share this year will be "around the 40 percent level." GM's car market share has been running 36 to 38 percent in recent months, a drop which GM executives described as temporary.

GM officers told analysts that automotive capital spending will average $6.5 billion annually from 1987 through 1990. That is about $3.5 billion below the average spending of 1985 and 1986.

At the same time, however, GM officials told analysts GM will spend $15 billion on new product programs during the 1986-to-1990 time frame, more than it ever has spent in a five-year period.

Earlier this year, GM told stockholders in a letter that it would slash expenses by $10 billion cumulatively through 1990. Of that amount, the letter outlined how $3.4 billion would be saved.

But GM executives told analysts how the entire $10 billion breaks out by groups within the company. They said that $4.4 billion of the cuts will come from the North American car groups, $2 billion from the truck and overseas group, $3.2 billion from component groups and $400 million from central office and technical staffs.

In the car groups, GM has cost-cutting programs called Project 2200 and Project 1800. The Buick-Oldsmobile-Cadillac Group has targeted $2,200 worth of costs to cut from each car; the Chevrolet-Pontiac-Canada Group has a goal of cutting $1,800 worth of costs from each car.

GM executives told analysts they have no plans now to close any more plants than than those already announced. GM has announced the closings of nine assembly plants and parts of two others. It also has said it will close a components plant in Detroit and has put another components plant in Ohio up for sale.

However, analysts were told that individual component operations are being scrutinized for profitability.

GM executives also told analysts that the automaker will not have to borrow money to repurchase its stock, as many analysts had predicted. GM has said it will buy back up to 20 percent of its common stock by 1990 to boost the value of its outstanding shares. The program could cost the company about $5 billion.

GM Treasurer Leon K. Krain explained in an interview following the analysts' meeting that part of the buyback will be funded by a nearly $1 billion dividend paid to GM by its finance subsidiary, General Motors Acceptance Corp.

Historically, GMAC has paid half of its profit to GM as a dividend, Krain said. GMAC paid a $750 million dividend to GM in 1983, $700 million in 1984, $100 million in 1985 and no dividend in 1986 despite its record $1.2 billion profit.

GM said GMAC will be able to pay a large dividend this year because its borrowing costs will be lower.

GM also will receive a $900 million federal tax refund this year.

The two-day analysts' meeting consisted of a tour of GM's Linden, N.J., assembly plant where the Chevrolet Corsica and Beretta are produced, and sessions with more than 40 of GM's top executives, including Smith, who did not attend last year's meeting.

PROFITS

FROM PAGE 1

Chrysler will report earnings next week.

Based on an average of forecasts by auto analysts, the Big Three will report combined earnings of $2.21 billion for the first quarter, compared with $2.15 billion in the year-ago period. Combined earnings for the year are expected to be about $6.70 billion, down some 12 percent from $7.64 billion in 1986.

However, the first-quarter reports of GM and Ford are expected to be the reverse of last year's first quarter.

GM is expected to report profits of about $770 million for the first quarter of 1987. That would be down 27 percent from the $1.06 billion earned in the first quarter of 1986 and would mark the first time since 1983 that GM earned less than $1 billion in the first quarter.

The lower profits are due to the lower sales volume that has caused GM to scale back production.

However, GM Chairman Roger B. Smith told auto analysts that first-quarter profits would exceed the consensus of analysts' forecasts. Before the recent meeting, the consensus was that GM would earn just under $700 million.

Following the meeting, some analysts revised their GM forecasts for the first quarter.

Smith said the overseas group should contribute to the company's 1987 earnings after reporting a loss of $550 million in 1986.

Smith told analysts that GM's overseas market penetration has increased and the European outlook is optimistic. In addition, GM noted that in 1986, six overseas operations that were not "financially viable" were sold, liquidated or restructured, which will save GM an anticipated $100-million-plus annually.

Ford, meanwhile, is expected to report record profits of $1.15 billion for the first quarter of 1987. That would be a 58 percent increase over 1986's first-quarter profits of $728 million and would mark the first time in history that Ford hit the billion-dollar mark in the first quarter. It would also be Ford's best-ever quarter, topping the $1.08 billion earned in the second quarter of 1986.

Analysts estimate that Ford will earn less in 1987 than it did in 1986. Nevertheless, Ford is expected to out-earn GM again this year.

For the year, analysts predict Ford will earn $3.05 billion, down 7 percent from the record $3.29 billion it earned in 1986. It would be Ford's second-best year ever.

GM, meanwhile, is expected to earn $2.45 billion, down 17 percent from last year's $2.95 billion.

Chrysler is expected to report first-quarter earnings of about $286 million, down 20 percent from $357 million in the first quarter last year. For the year, Chrysler's earnings will be about $1.2 billion, based on analysts forecasts, down 14 percent from 1986's $1.4 billion.

EARNINGS FORECAST
averages from 10 auto analysts, in millions*

	GM	Ford	Chrysler	Big Three
1st Quarter 1987*	$ 770	$1,150	$ 258	$2,210
1st Quarter 1986	$1,060	$ 728	$ 357	$2,150
All of 1987*	$2,450	$3,050	$1,170	$6,700
All of 1986	$2,950	$3,290	$1,400	$7,640

PRODUCTION

Holiday trims auto output

By Kathy Barbaglia
AUTOMOTIVE NEWS STAFF REPORTER

With no Saturday overtime and only four working days because of the Easter holiday, last week's scheduled domestic auto production dipped considerably from the prior week's build.

Scheduled output of 129,544 cars was 20.31 percent below the previous week's 162,550 and 20.27 percent below the year-ago week's 162,475.

So far this year, 2,368,592 cars have been assembled, 9.08 percent below the 2,605,125 completed last year at this point.

Last week's targeted production was shared as follows: General Motors, 50.48 percent; Ford Motor Co., 26.64 percent; Chrysler Motors, 12.35; Honda of America Manufacturing Inc., 4.11 percent; New United Motor Manufacturing Inc., 2.47 percent; Nissan Motor Manufacturing Co. U.S.A., 2.25 percent; Volkswagen of America, 1.24 percent; and American Motors, 0.46 percent.

GM's Oklahoma City plant was idle last week for inventory adjustment. The plant is expected to resume production tomorrow (April 21).

As previously reported, production at GM's Flint, Mich., plant has been cut to four days a week with two eight-hour shifts daily, effective today.

GM's Lakewood, Ga., assembly plant remains down for model changeover. The plant is expected to resume operations in early May.

Chrysler's Belvidere, Ill., plant is idle for changeover to the full-sized Chrysler New Yorker and the new Dodge Dynasty. The plant has been down since March 9 and is expected to resume production in early July.

All plants were closed last Friday (April 17) because of the Easter holiday.

Ford has slated daily overtime this week at all car plants.

Saturday (April 25) overtime is scheduled for Ford's Dearborn, Mich., and Lorain, Ohio, plants.

63,410 trucks built in short week

U.S. truck manufacturers targeted production of 63,410 units last week, 21.32 percent below the previous week's build of 80,594. The plants worked only four days last week because of the Easter holiday.

Last week's scheduled output was 16.42 percent below the year-ago week's 75,864.

No Saturday (April '8) overtime was scheduled because of the Easter holiday.

Daily overtime is slated for all Ford plants this week (April 20).

GM return hikes Canada car total

Canadian automakers planned to build 14,644 cars last week, 21.16 percent more than the previous week's 12,086. Three General Motors plants were closed the previous week;one returned to work last week.

Assembly plants worked only four days last week because of the Easter holiday. The week's car output was 42.37 percent below last year's 25,412.

So far this year, 251,428 cars have been assembled, 28.26 percent below the 350,490 completed last year at this point.

Truck production was scheduled at 14,357 units last week, 21.55 percent below the prior week's 18,-300 and 26.90 percent below the year-ago week's 19,639.

GM's Oshawa, Ontario, (No. 1) car plant resumed production last week (April 13). The plant had been idle for one week to adjust inventory.

GM's Oshawa, Ontario, (No. 2) car plant remains down for conversion to the new GM10 cars.

The GM Ste. Therese, Quebec, plant will be idle until May 18 for model changeover.

CANADIAN CAR	Week Ended April 18, 1987	Week Ended April 19, 1986	Week Ended April 11, 1987	April to Date	Jan. 1 to April 19, 1986	Jan. 1 to April 18, 1987
AMERICAN MOTORS	60	116	101	273	1,897	2,105
FORD MOTOR	9,704	11,401	11,544	27,597	173,250	159,060
GENERAL MOTORS	4,480	13,670	0	5,849	171,997	86,734
HONDA	200	0	216	541	0	424
VOLVO	180	225	225	540	3,346	3,105
Total Cars, Canada	14,644	25,412	12,086	34,799	350,490	251,428

U.S. TRUCK☆	Week Ended April 18, 1987	Week Ended April 19, 1986	Week Ended April 11, 1987	April to Date	Jan. 1 to April 19, 1986	Jan. 1 to April 18, 1987
CHEVROLET	18,271	23,270	24,151	53,853	385,932	336,953
DODGE	3,800	1,572	5,899	12,645	2,822	73,204
FORD	25,578	32,902	31,815	76,255	451,340	461,047
GMC	6,415	7,704	8,216	19,277	114,195	110,607
NAVISTAR	1,341	1,603	1,656	3,955	23,302	22,395
JEEP	3,525	3,446	4,366	10,627	63,245	66,534
NISSAN	1,730	3,317	1,721	4,494	26,732	24,989
AM GENERAL*	450	50	450	930	772	1,500
MISCELLANEOUS*	2,300	2,000	2,300	5,980	35,010	32,200
Total Trucks, U.S.	63,410	75,864	80,594	188,015	1,103,340	1,129,429

CANADIAN TRUCK	Week Ended April 18, 1987	Week Ended April 19, 1986	Week Ended April 11, 1987	April to Date	Jan. 1 to April 19, 1986	Jan. 1 to April 18, 1987
AMERICAN MOTORS	800	830	735	1,719	4,902	9,212
CHRYSLER	5,976	8,757	8,610	19,747	136,349	125,474
FORD	3,040	3,594	3,371	8,233	54,599	46,731
GENERAL MOTORS	4,579	6,159	5,380	13,090	94,103	56,996
NAVISTAR	162	239	204	486	3,005	2,809
Total Trucks, Canada	14,357	19,639	18,300	43,276	292,958	241,222
N. American Trucks	77,767	95,503	98,894	231,291	1,396,298	1,370,651

☆—Includes window van production. *—Estimated.
Jeep includes commercial only. AM General includes government-contract vehicles.
Miscellaneous includes estimates for Mack, Kenworth, Peterbilt, Freightliner, Mercedes-Benz, etc.
Most of estimates may contain error of one or two units due to rounding.

U.S. CAR	Week Ended April 18, 1987	Week Ended April 19, 1986	Week Ended April 11, 1987	April to Date	Jan. 1 to April 19, 1986	Jan. 1 to April 18, 1987
AMERICAN MOTORS	600	0	770	1,829	14,563	10,007
Renault Total	600	0	770	1,829	14,563	10,007
Alliance	600	0	770	1,829	12,721	10,007
Encore	0	0	0	0	1,842	0
CHRYSLER MOTORS	16,000	25,174	25,192	55,389	447,179	359,589
Plymouth Total	3,900	8,018	6,455	13,803	123,648	123,531
Horizon	0	3,453	0	0	45,872	32,997
Sundance	1,500	0	2,664	5,823	0	33,793
Reliant	1,600	3,253	2,480	5,379	54,716	38,365
Caravelle	700	979	1,165	2,486	18,358	17,865
Gran Fury	100	323	146	303	4,700	471
Chrysler Total	6,800	7,186	10,509	22,492	156,003	103,237
Laser	0	915	0	0	17,497	0
LeBaron K	1,300	2,172	2,052	4,401	37,986	27,378
LeBaron J	2,400	0	3,535	7,575	0	26,126
LeBaron GTS	700	0	1,133	2,405	26,930	12,813
New Yorker/E-Class	1,400	1,479	2,273	4,801	31,841	27,232
Fifth Avenue	1,000	2,622	1,606	3,311	44,739	7,686
Dodge Total	5,300	9,988	9,138	19,074	164,526	132,820
Daytona	1,100	1,289	1,767	3,701	15,923	14,228
Omni	0	3,311	0	0	46,373	28,363
Shadow	1,700	0	2,945	6,115	0	31,419
Aries	1,400	2,483	2,401	5,061	40,617	33,924
Dodge 600	700	1,970	1,185	2,475	27,080	15,732
Lancer	300	0	628	1,298	24,637	8,439
Diplomat	100	915	212	435	9,898	715
FORD MOTOR	34,513	40,331	43,755	104,022	562,148	612,089
Ford Division	24,844	27,9[illegible]	31,564	74,839	393,267	424,577
Escort	6,709	9,1[illegible]	8,262	19,871	125,042	111,396
Mustang	3,651	4,208	4,531	11,342	61,995	66,420
Tempo	3,184	4,095	4,113	9,969	64,000	59,513
Taurus	7,964	6,805	10,013	23,606	78,546	141,805
Thunderbird	3,336	3,653	4,646	10,052	53,684	45,843
L-M Division	9,669	12,405	12,191	29,182	168,881	187,512
Mercury Total	6,389	8,715	8,091	19,342	120,961	132,158
Lynx	589	1,349	733	1,939	20,445	16,961
Capri	0	388	0	0	5,449	0
Topaz	1,212	1,335	1,383	3,239	20,142	18,024
Cougar	2,258	2,403	3,079	6,871	37,201	52,664
Sable	2,320	3,240	2,896	7,294	37,724	44,489
Lincoln Total	3,280	3,690	4,100	9,840	57,920	55,354
Continental	326	414	413	986	6,581	5,540
Lincoln	2,462	2,768	3,075	7,383	43,451	41,514
Mark VII	492	508	612	1,472	7,888	8,300
GENERAL MOTORS	65,391	88,133	76,259	191,[illegible]	1,421,202	1,163,250
Buick Total	9,721	16,797	9,650	27,043	229,078	186,524
Skyhawk	634	1,913	811	1,923	27,411	13,314
Century	1,360	5,796	3,329	7,418	76,466	58,131
Regal	875	1,371	0	1,460	14,521	13,136
Somerset/Skylark	1,560	2,456	1,704	3,264	30,618	24,277
LeSabre (fwd)	2,872	2,897	3,515	8,561	32,300	35,136
LeSabre/Electra (rwd)	240	251	291	635	4,279	4,101
Electra (fwd)	1,949	1,495	0	3,418	36,758	32,494
Riviera	231	618	0	364	6,725	5,935
Cadillac Total	5,187	7,212	5,317	14,408	96,324	99,955
Cimarron	0	566	0	151	8,133	5,615
Allante	120	0	104	284	0	864
Brougham (rwd)	980	1,898	1,170	2,899	25,903	25,999
DeVille (fwd)	3,200	3,623	4,043	9,633	50,058	54,508
Eldorado	479	571	0	748	6,813	5,115
Seville	428	552	0	683	5,417	7,856
Chevrolet Total	25,017	24,434	33,378	79,116	465,143	434,579
Chevette	0	2,542	0	0	38,360	0
Camaro	2,852	3,065	3,276	7,761	69,120	31,065
Cavalier	7,010	7,622	8,851	20,924	134,895	111,764
Celebrity	2,352	5,380	7,744	15,068	98,521	113,991
Corsica/Beretta	5,600	0	6,523	15,647	0	76,822
Monte Carlo	1,443	2,148	874	3,977	37,898	21,936
Chevrolet	5,320	3,145	5,459	14,049	80,392	69,752
Corvette	640	532	651	1,670	8,157	9,249
Oldsmobile Total	11,813	22,300	13,687	33,124	306,050	218,630
Firenza	520	1,329	613	1,431	17,509	2,998
Calais	2,280	2,277	2,955	5,235	44,048	34,035
Cutlass Ciera	592	4,903	3,591	6,353	89,486	55,259
Cutlass Supreme	2,619	2,632	1,309	5,445	62,611	18,878
88 (fwd)	3,229	8,400	3,998	9,249	98,869	66,604
88 (rwd)	392	333	471	1,111	7,272	5,786
Olds 98	1,786	1,900	752	3,680	41,439	28,529
Toronado	395	446	0	619	4,854	4,943
Pontiac Total	13,653	17,390	14,227	36,108	264,567	223,562
Acadian*	0	435	0	0	4,464	0
Fiero	957	2,265	0	957	27,135	10,953
1000	0	828	0	0	7,789	0
Firebird	1,708	1,617	2,001	5,015	36,994	24,622
2000 Sunbird	1,956	2,993	2,460	6,043	44,351	36,750
Grand Am	4,140	4,794	6,236	14,017	68,167	76,794
6000	2,112	3,229	0	3,643	48,289	25,495
Bonneville	2,520	0	3,125	7,475	0	44,886
Safari/Parisienne	260	1,209	405	959	27,378	4,062
HONDA	5,320	3,757	6,630	16,201	56,269	99,118
Civic	1,320	0	1,535	3,900	0	32,298
Accord	4,000	3,757	5,095	12,301	56,269	66,820
NISSAN	2,920	0	2,868	7,585	21,517	42,127
NUMMI	3,200	3,070	4,121	9,761	55,638	58,095
Corolla	600	0	844	1,928	0	11,845
Nova	2,600	3,070	3,277	7,834	55,638	46,250
VOLKSWAGEN	1,600	2,010	1,925	4,737	26,609	24,318
Golf/GTI	1,350	2,010	1,675	4,087	26,609	20,118
Jetta	250	0	250	650	0	4,200
Total Cars, U.S.	129,544	162,475	162,550	391,103	2,605,125	2,368,592
Total Cars, Canada	14,644	25,412	12,086	34,799	350,490	251,428
N. American Cars	144,188	187,887	174,636	425,102	2,955,615	2,620,020
N. American Trucks	77,767	95,503	98,894	231,291	1,396,298	1,370,651
North American Cars and Trucks	221,955	283,390	273,530	657,393	4,351,913	3,990,671

*—All Acadians are built for sale in Canada.
Monthly estimates may contain error of one or two units up to millions.

Chevrolet to miss 1987 sales target

By Michelle Krebs
AUTOMOTIVE NEWS STAFF REPORTER

NEW YORK — Chevrolet will not top the 3-million sales mark as predicted at the start of the model year, but it will be close.

Chevrolet General Manager Robert Burger had predicted at the start of the model year that Chevrolet would sell 3.1 million vehicles. He said last week that the division's car sales will not reach the 1.8 million units predicted at the start of the model year. But truck sales will hit their target of 1.3 million or more for a sales total of 2.9 million vehicles, he said.

Burger said it is unlikely that, during the remainder of the model year, the division will be able to make up for the the last quarter of the 1986 and January, which were below forecasts.

Speaking at a press conference before the opening of the Greater New York International Automobile Show, Burger said that much of the burden for boosting General Motors' share of the car market rests on the shoulders of Chevrolet.

For GM to capture 40 percent of the market for the calendar year, as GM executives hope, Chevrolet will have to have a monthly market share of 16 to 16.5 percent for the remainder of the year, he said. Chevrolet's market share was 16 percent in the 1986 model year and the division had hoped to increase its penetration by a full percentage point with the addition of the Corsica and Beretta.

GM's market share in recent months has been running at about 36 to 38 percent.

"I would suspect that for GM to get to 40 percent for the balance of the year is a real tough assignment," Burger said. "With three or four months behind us, we're down 3 percentage points from that number, so that means we'd have to travel at considerably over 40 percent for the balance of the year."

But, he said, with the the Corsica and Beretta and more aggressive incentives than GM had on its cars in the early months of the model year, "we have a good shot at getting 40 percent."

Burger said he expects GM to match competitors on incentives through the rest of the year.

"We'll be as aggressive as anyone out there," he said. "We went for three months of the model year — October, November and December (1986) — practically naked on incentives if you compare us to some of the domestic manufacturers. It has not been until the last 45 days that we have been across-the-board competitive throughout GM. For the rest of the year, we'll be right there doing what the rest of the industry does."

Burger said Chevrolet would offer incentives on Corsica and Beretta only if dealer inventories get too high.

Chevrolet has received 180,000 dealer orders for the Corsica and Beretta. That represents 70 percent of the models that can be built through September.

Dealers report that showroom traffic is up a third because of the new cars. Chevrolet is expecting as many as 5 million potential customers to head to Chevy showrooms because of the Procter & Gamble Co. promotion, which kicks off April 25 and will involve the giveaway of 750 Corsicas, Berettas and 1988 C/K pickups.

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Automotive News

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Non-union auto parts may spark Canada fight

By Louise Kertesz
AUTOMOTIVE NEWS STAFF REPORTER

TORONTO — In a move that could have a major impact on auto industry outsourcing, Canadian Auto Workers President Robert White is urging union members to refuse to handle parts made by non-union workers.

White's move to fight the growth of non-union suppliers came during the union's first collective bargaining convention last week. It is in line with the CAW program of fostering grassroots responsibility and action — which was the spirited convention's underlying theme.

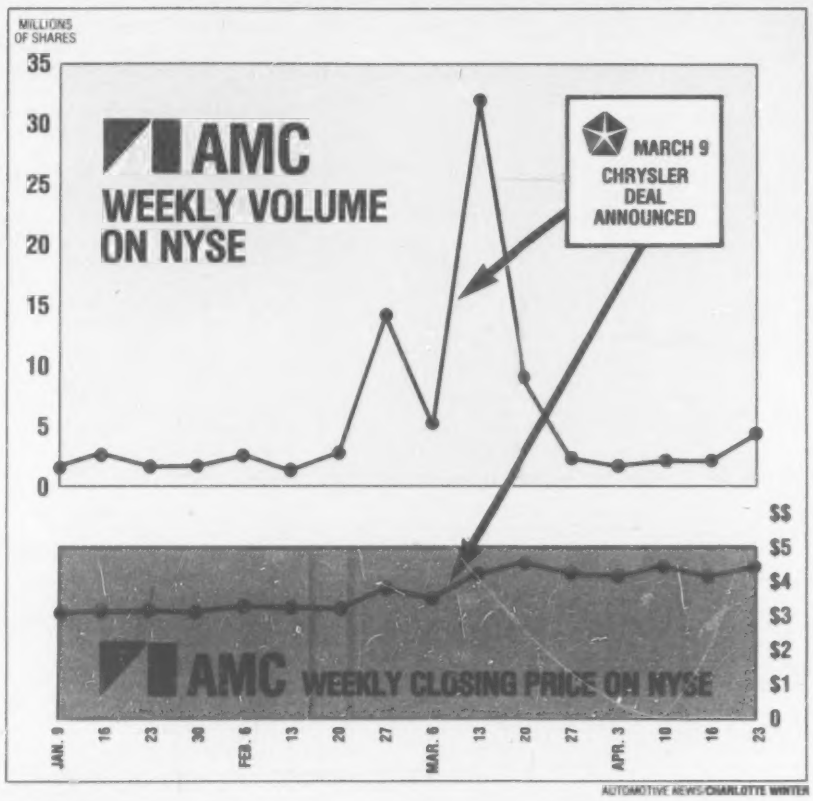
Canadian-auto workers, unlike those in the United States, don't have a right to strike in mid-contract. But following the lead of Local 444 in Windsor, Ontario, which has blocked — or at least delayed — planned outsourcing of seats by Chrysler Canada to Markham, Ontario-based Magna International, White said locals should put automakers on notice that workers will refuse to install parts from non-union suppliers.

Basil Hargrove, an assistant to White, said, "No one is saying this is legal. But the labor movement was not built on legalities."

A spokesman for Chrysler Canada said the planned outsourcing to Magna was "put on hold. There's no change contemplated. At this point it's going to be a contract issue."

White told the delegates a similar struggle is beginning at Local 676, representing production

see UNION, page 62



WAIT: *Investors, dealers speculate amid delays in Chrysler-AMC deal*

By Laura Clark and Edward Lapham
AUTOMOTIVE NEWS STAFF REPORTERS

Wall Street speculated heavily on American Motors stock as Chrysler Corp. and Regie Nationale des Usines Renault finalized terms of AMC's sale and anxious dealers and investors waited to determine the winners and losers.

An announcement completing the deal is expected within two weeks. Sources in Paris said Renault directors will be updated on the sale of its 44.84 percent of AMC stock at a Tuesday (April 28) board meeting. Chrysler and Renault last week again extended their deadline for finalizing the deal.

Several key AMC board members — including former chairman Roy D. Chapin Jr., former chairman Paul Tippett and Shearson Lehman Brothers Managing Director Andrew G.C. Sage II — met with legal and investment advisers in New York. Senior Chrysler officials also attended those meetings. AMC watchers speculated that AMC could ask Chrysler to sweeten its bid for AMC stock, possibly going from the announced $4 bid to as high as $4.50 per share.

Chrysler and Renault officials also were

see BUYOUT, page 65

Patent war looms over steering

By Francis J. Gawronski
AUTOMOTIVE NEWS STAFF REPORTER

TOKYO — A battle royal is threatening to embroil the Japanese auto industry over patents to the various four-wheel steering (4ws) systems planned for export to the United States.

Toyota Motor Corp., Nissan Motor Co. and Mazda Motor Corp. have filed objections with the Japanese government to Honda Motor Co.'s applications for patents on a 4ws system. In turn, Honda has filed infringement complaints against those companies.

Those four automakers and Mitsubishi Motors Corp. have developed 4ws systems that turn and steer the rear wheels of a vehicle in the same or opposite direction as the front wheels (depending on speed). The 4ws system improves stability, facilitates maneuverability and provides easier cornering and parking.

Honda and Mazda plan to offer 4ws on their 1988 models that will be sold later this year in the United States (related story on Page 42).

A spokesman for the U.S. patent office said the dispute over the Japanese patent will not prevent any of the manufacturers from selling 4ws models in the United States.

"It's not based on reciprocity" with the Japanese patent system, the spokesman said of the U.S. patent system. "If they are doing business in the U.S. they have to file a U.S. patent to be protected. If no one else filed a patent, anyone can duplicate the system and sell it, but they could not file a patent on it. Only the inventor can file."

Likewise, any challenges affecting products sold in the United States would have to be filed in the United States. A patent violation would not be cause to keep cars out of the United States; instead, the issue would have to be litigated in U.S. courts after vehicles landed stateside.

In addition to Honda's U.S. patents, a spokesman for Mazda's American unit said its parent company has patents pending in the United States for its system. Spokesmen for both companies said they knew

see PATENT, page 61

LAMBO

Italian firm to grow; $70,000 2-seater due for Chrysler dealers

By Giancarlo Perini
STAFF CORRESPONDENT

SANT'AGATA BOLOGNESE, Italy — Chrysler Motors' outright purchase of Italian exotic-car maker Lamborghini will result in production of a new $70,000 sports two-seater that will be sold by dealers in the United States in about three years.

The car, a likely replacement for the present Jalpa, is part of a broad plan that will lift Lamborghini's annual volume to between 4,000 and 5,000 units during the next five years.

It signifies a major expansion for Lamborghini, whose annual production has never exceeded 650 vehicles. The plan is to make Lamborghini a serious rival to Ferrari in the exotic-car market. Ferrari manufactured a record 3,640 cars last year.

Chrysler's most expensive model will now be Lamborghini Countach, a $127,000 beauty.

The ceremonial signing of the agreement took place last Thursday (April 23). It was signed by Gerald Greenwald, chairman of Chrysler Motors, and Patrick Mimran, the senior of the Mimran brothers who have owned Nuova Automobili F. Lamborghini S.p.A. since 1980.

The open-air signing in front of the

see LAMBO, page 61

Domestic dealer count dips; import duals climb

By John K. Teahen Jr.
AUTOMOTIVE NEWS STAFF REPORTER

The number of dealerships handling domestic makes of cars declined again in the first quarter of 1987.

The latest Automotive News census counted 20,359 such outlets on April 1, down 46 from the 20,405 in operation at the beginning of this year. The dip was almost twice as high as in the first quarter of 1986, when 25 stores faded away.

And as the number of domestic-car outlets dropped, the number dualed with imports increased.

At the beginning of this year, some 13,000 of the 20,405 dealerships in the domestic census also handled an import — about 64 percent. During the quarter, the total of import-allied domestic deals grew to nearly 14,200, or 70 percent, principally because Renault retailers returned to the import scene with Medallion. American Motors was not importing any Renaults at the beginning of the year.

Ford will begin phasing in the Festiva in May and will complete the process by the end of September. All 4,600 Ford Division outlets then will be selling imported cars. That will bring the number of do-

see CENSUS, page 61

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Senate approves tougher safety rules — Page 3
GM, AMC, Honda announce profits — Page 4

Nova production trimmed as dealer stocks grow

By Michelle Krebs
AUTOMOTIVE NEWS STAFF REPORTER

DETROIT — The General Motors-Toyota joint-venture plant will cut production from May through the end of the model year because of slow sales and high inventories.

The New United Motor Manufacturing Inc. plant in Fremont, Calif. will reduce output of the Chevrolet Nova by 50 cars a day to 600 cars a day for the balance of the 1987 model year, which ends Sept. 30.

Inventories as of April 1 reached 132 days' supply when 60 to 80 days is normal. Nova sales for the model year to date have been down about 20 percent from the same period in the 1986 model year.

Chevrolet General Manager Robert Burger had predicted at the start of the model year that the division would sell 180,000 Novas compared with 171,000 in the 1986 model year. In addition to the Corsica and Beretta, the Nova was the only other line in which Chevrolet expected to see a sales increase.

However, that has not happened and Chevy has scaled back its initial car sales forecast.

The subcompact segment in which the Nova competes has been bombarded with competition not only from the Japanese but also from South Korean producers.

A NUMMI spokesman said that the reduced production schedule will not require layoffs. Workers impacted by the production cut will be put in Kaizen groups — workers who study how the assembly process can be improved. They will move back to the assembly line as attrition occurs.

The production cut will not affect assembly of the Toyota FX and FX-16, which are also built at the NUMMI plant. The plant builds 150 cars a day for Toyota.

The cut of the Nova build is the largest since the plant hit full capacity in April 1985. In its only other cut, NUMMI scaled back Nova production by 10 cars a day last July before the start of the 1987 model year.

The reduction in Nova production comes in spite of the fact that Chevrolet recently received a fleet order from daily rental car companies for 46,000 Novas. Chevrolet said it is the division's largest fleet order ever and maybe the largest ever in the industry. Chevrolet offered the rental companies special incentives on the Nova.

NUMMI said it will be able to fill the order by the end of the model year despite the production cutback.

On the retail side, the Nova has had a $750 cash rebate incentive on it, which expires April 30. There are no plan now to extend the incentives.

SATURN

GM's upward-looking auto project on schedule in its earth-and-stone phase

By David Versical
AUTOMOTIVE NEWS STAFF REPORTER

SPRING HILL, Tenn. — The building of Saturn, the project to redefine the car-making universe for General Motors, is posing some earthly challenges in the early stages of plant construction.

Since work began on the site a year ago, the bulk of the task has been to lower the middle Tennessee hills and fill the valleys into a one-mile-long, half-mile-wide stone base for the complex.

Last fall, 400 workers began exploding, hauling, dumping, smashing, rolling and otherwise altering nearly three million cubic yards of limestone into shape. Construction crews have been going at it six days a week. Each night, portable lights illuminate the grounds, allowing the second shift to work until 1 a.m.

This phase is expected to wind up by mid-May, and then the cement — produced on site from materials from Saturn's own quarry — will be poured to form each building's foundation.

This summer, the steel is expected to rise and the powertrain building will begin taking form. Buildings for the stamping and assembly operations will follow.

Aside from last fall's announced scaleback of Saturn's initial plant size and car output, the project is still on its original schedule, Saturn officials say.

Officials with the construction management and engineering firms hired by Saturn confirmed that the timetable is being met, as did independent construction and labor sources in the area. Awards for the initial foundation work are expected to be granted within two weeks.

AUTOMOTIVE NEWS/JOE WILSKERS PHOTOS

After limestone is excavated from a Saturn site quarry, it is crushed to be used in concrete for the plant foundation

Construction crews drill an area that will be cleared with explosives

A year from now, construction will be nearing its peak, with 2,500 workers on site. And in two years, the plant should be finished. By 1990, when production is expected to begin, Spring Hill will be an auto town.

For a community that was supposed to have been transformed forever with the 1985 selection of the Saturn site, there's been surprisingly little growth in Spring Hill, local observers say.

The expected economic windfall hasn't materialized — in fact, the city's commercial base has declined. Main Street may be freshly paved, but many retail mainstays — a grocery, gas station and hardware store, for example — have closed since the announcement of Saturn's arrival.

Much of that can be blamed on the speculators, whose fervor matched the hype surrounding the nationwide bidding for the $3.5 billion project.

"In the beginning, we had people going up and down the highway and taking options (to buy property) with anyone who was willing to sign one," said Waymon L. Hickman, president of First Farmers and Merchants National Bank in nearby Columbia.

Real estate agents recall how investors came in from across the country, in one instance snapping up what was a $200,000 home for 10 times that price. Some businesses took the offers, shut their doors and set up shop in nearby towns. Later on, some of the newcomers realized their overexuberance and let go of their properties at a loss.

Things have quieted since the initial frenzy. Real estate agents report that homes are typically selling for 1½ times the prices they brought before Saturn — when they sell. Part of that increase has been attributed to the economic growth that has reached south of Nashville toward Spring Hill, 35 miles away.

Some sobering news has also come into play. The scaleback from 6,000 to 3,000 initial jobs and 500,000 to 240,000 annual car output has done much to temper the enthusiasm over Saturn. Skeptics question whether the project will ever get off the ground. In addition, news of GM's plant closings and subpar earnings performance has also spawned doubts.

For the most part, though, those are distant concerns. Speculative activity has given way to projects with substance — not just in Spring Hill but throughout Maury County and beyond.

In Spring Hill, work has begun on the multimillion-dollar Town Center project, which will provide a hotel, multi-family housing and a new city hall and create some sorely missed retail outlets.

Real estate agents expect activity to pick up as the plant proceeds and as more employees and suppliers move into the area. Currently, there are just seven full-time Saturn workers and four UAW officials on the job in Spring Hill.

In some eyes, even the scaleback is viewed as a blessing. A 6,000-employee plant producing 500,000 cars annually could have been too much for the area to digest at once. Rural Tennessee may not compare to an overextended Houston during the oil boom, but there is some agreement that breathtaking growth can have ugly consequences.

The second phase of Saturn would roughly double the car output, the number of employees and the size of the complex. But the go-ahead for that will hinge on the demand for the car.

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Senate approves tougher vehicle-safety rules

By Helen Kahn
AUTOMOTIVE NEWS STAFF REPORTER

WASHINGTON — The Senate unanimously passed and sent to the House a package of vehicle-safety bills that includes stiffer requirements for multipurpose vehicles. The bills also give NHTSA authority to spend appropriated funds for fiscal 1988 and 1989.

Among provisions of the Senate-passed legislation:

- NHTSA would be required to extend four car safety standards — roof crush strength, head restraints, high-mounted rear stoplamp and passive restraints for outboard front seats — to multipurpose passenger vehicles, or vans.
- NHTSA would be required to improve the side-impact protection standard for cars and work toward extending it to multipurpose vehicles.
- The National Academy of Sciences would be requested to create a uniform numerical rating system enabling consumers to compare the crashworthiness of cars. Then NHTSA would decide whether to write regulations based on the Science Academy's recommendation and public comments.
- NHTSA would be required to ensure that some vehicles are tested for all safety standards, and set schedules for compliance and penalties for non-compliance with safety standards.
- NHTSA would be required to order the phase-in of lap/shoulder belts for rear outboard seats, half by 1990 models and the rest by 1991 models.
- Automakers would be required to certify and label cars with the impact speed at which their bumpers will protect the vehicle from damage.
- The Science Academy would be required to study state vehicle-inspection programs.
- Under the bill's recall section, lessors would have to notify lessees about defects, and dealers would have to repair defects before sale.
- NHTSA would have to study the safety aspects of darkened windshields and windows in cars.
- States would be allowed to registering a vehicle only if the application for registration contained an odometer reading.

Among provisions of the Senate-passed legislation: NHTSA would be required to improve the side-impact protection standard for cars.

During the last Congress, both the House and Senate passed similar bills to this one, but the legislation died because a compromise could not be reached.